

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MAGOFFIN GAS COMPANY'S FAILURE)	
TO COMPLY WITH COMMISSION)	CASE NO. 9839
REGULATIONS)	

SHOW CAUSE ORDER

On March 14, 1984, the Commission issued an Order (Case No. 8991) directing Magoffin Gas Company ("Magoffin") to appear and show cause why it should not be subject to penalties for repeated violations to the Commission's regulations (Appendix A). This case was later dismissed due to the efforts and willingness exhibited by Magoffin to remedy the cited deficiencies with the stipulation that it would be reinstigated should Magoffin fail to correct the remaining deficiencies in accordance with a schedule of compliance to be filed with the Commission (Appendix B).

On December 15, 1986, a comprehensive safety inspection was conducted on Magoffin by the Commission's Pipeline Safety Branch. Numerous violations to the Commission's safety and service regulations (807 KAR 5:022) as well as general regulations (807 KAR 5:006) were cited. Attached as Appendix C is a copy of the safety inspection report which lists each specific violation.

The Commission notes that Magoffin has not complied with the Commission's Order to file a schedule of compliance to correct the various deficiencies that were to be corrected. Therefore, it

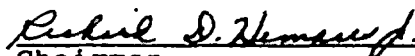
appears that, as in 1984, Magoffin disregarded the Commission's regulations concerning the safe operation of a gas utility.

After reviewing the record, the Commission is of the opinion and hereby finds that Magoffin should appear before the Commission to show cause why it should not be fined for repeated violations of the Commission's regulations and present evidence that depicts Magoffin's schedule to correct those violations listed in Appendices A, B, and C of this Order.


IT IS THEREFORE ORDERED that Magoffin shall appear on February 17, 1987, at 1:30 p.m., Eastern Standard Time, in Hearing Room #2 of the Commission's offices to show cause why it should not be fined for violations to the Commission's regulations and to demonstrate corrective actions it intends to take to comply with the regulations.

Done at Frankfort, Kentucky, this 28th day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PUBLIC SERVICE COMMISSION)	
VS.)	CASE NO. 8991
MAGOFFIN GAS COMPANY)	

SHOW CAUSE ORDER

A routine inspection of Magoffin Gas Company ("Magoffin") was conducted on December 19, 1983. Magoffin's customers are located primarily in the communities of Royalton and Ivyton, Kentucky. There are approximately 50 customers in these two communities. Deficiencies observed during this and previous inspections are:

Title 49 CFR, Part 192.14(a), prepare and follow a written procedure to perform proper tests to determine if the pipeline is in a satisfactory condition for safe operations.

192.14(b), keep records of appropriate tests, repairs, replacements and alterations of the system for the life of the pipeline.

192.197, provide records of service regulators that comply with the requirements of this subpart.

192.201, provide records showing a system relief valve for a system pressure that is less than 12 psig to insure that pressure cannot exceed the maximum allowable operating pressure plus 50 percent.

192.285, provide records to insure that employees are qualified to install and make repairs to plastic pipe.

192.363, provide records to insure that service line valves meet the requirements of this subpart.

192.453, establish cathodic protection procedures to be carried out by a person experienced and trained in pipeline corrosion control methods.

192.503, provide records of test results for new segments of pipeline that meet the requirements of this subpart.

192.603, establish a written operating and maintenance plan that incorporates requirements of 192.605.

192.614, provide a written damage prevention program as specified by this subpart.

192.615, provide a written emergency plan that complies with this subpart.

192.625(f), conduct periodic sampling of combustible gases to assure the proper concentration of odorant in accordance with this section.

192.707, provide line markers for distribution gas mains that conform to 192.707(d).

192.723, provide a periodic leakage survey that conforms to this subpart.

807 KAR 5:006, Section 15, maintain meter history test cards that provide information sufficient to comply with this section.

807 KAR 5:006, Section 17, provide system maps and records necessary to comply with this section.

807 KAR 5:021, Section 20(a), provide meter tests on all domestic meters at 10-year intervals as specified in this section.

Due to the lack of progress by Magoffin to comply with existing regulations, the Commission HEREBY ORDERS that Magoffin shall appear at the offices of the Public Service Commission at Frankfort, Kentucky, on the 4th day of April, 1984, at 10:00 a.m., Eastern Standard Time, to show cause, if any it can, why it should not be subject to the penalties prescribed under KRS 278.990 and KRS 278.992 for non-compliance with existing rules and regulations.

Done at Frankfort, Kentucky, this 14th day of March, 1984.

By the Commission

ATTEST:

Secretary

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PUBLIC SERVICE COMMISSION)	
VS.)	CASE NO. 8991
MAGOFFIN GAS COMPANY)	

O R D E R

On March 14, 1984, the Commission entered its Order directing Magoffin Gas Company (Magoffin Gas) to appear at the Commission's offices on April 4, 1984, (subsequently rescheduled for May 15, 1984) to show cause why it should not be subject to the penalties prescribed in KRS 278.990 and KRS 278.992 for non-compliance with certain rules and regulations.

An investigation by the Commission has determined that Magoffin Gas has made considerable progress and has agreed to correct other deficiencies on a scheduled basis.

The Commission, having considered the matter and being advised, is of the opinion and finds that, in view of the progress made by Magoffin Gas and its commitment to make further improvements, the hearing scheduled May 15, 1984, at 10:00 a.m. should be cancelled and this case should be dismissed, subject to being redocketed in the event the remaining deficiencies are not corrected in accordance with a schedule of compliance to be filed with and approved by the Commission by Magoffin Gas.

IT IS THEREFORE ORDERED That the hearing scheduled May 15, 1984, at 10:00 a.m. be and it hereby is cancelled and this case be and it hereby is dismissed subject to being redocketed in the event the remaining deficiencies are not corrected by Magoffin Gas in accordance with a plan and schedule to be filed with and approved by the Commission.

IT IS FURTHER ORDERED That Magoffin Gas shall file with the Commission by May 30, 1984, a schedule for correcting the remaining deficiencies.

Done at Frankfort, Kentucky, this 15th day of May, 1984.

By the Commission

ATTEST:

Secretary

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

ANNUAL COMPREHENSIVE INSPECTION REPORT

Magoffin Gas Company

December 29, 1986

BRIEF

Magoffin Gas Company (Magoffin) is a small intrastate gas distribution company comprised of two separate areas in Magoffin County - Royalton and Ivyton - with an office in Falcon, Kentucky.

The new mains in Royalton are 2" polyethylene (p/e) pipe and were installed in 1982. The remainder of the system is old, unprotected steel. There are approximately 47 customers in this system, 12 of whom are free gas customers. Magoffin has four part-time employees and no full-time employees.

INSPECTION

On December 15, 1986, I met with Mr. Jimmy Howard, manager of Magoffin, at the Midwest Well Service office in Oil Springs, Ky. He furnished me with a list of 13 meters which had been tested recently by Frank Arnett, a certified meter man. All other records requested did not exist or were not available. Upon completing the records portion of this inspection, I accompanied Mr. Howard on an inspection tour of the Royalton and Ivyton systems, including the gas wells.

FINDINGS

Based on my findings and interviews with Mr. Howard and Ms. Norma Blevins, the secretary who does some of Magoffin's billings, the following deficiencies exist at Magoffin Gas Company:

1. No Operations and Maintenance Plan. (807 KAR 5:022, Sections 13, 14)
2. No leak report filed (DOT). (807 KAR 5:027, Sections 2, 3, 4, 5)
3. Inadequate meter test records. (807 KAR 5:022, Section 8)
4. No procedures for continuing surveillance.* [807 KAR 5:022, Section 13(7)]
5. No procedures for investigation of failures.* [807 KAR 5:022, Section 13(10)]
6. No records of patrolling gas facilities.* [807 KAR 5:022, Section 14(12)]
7. No regulators and relief valve annual records.* [807 KAR 5:022, Section 14(21)]
8. No main line valve inspection records.* [807 KAR 5:022, Section 14(25)]
9. No meter history records.* [807 KAR 5:006, Section 15(1),(2)]
10. No customer refund policy.* (807 KAR 5:006, Section 9)

11. No corrosion control records.* [807 KAR 5:022, Section 10(1)]
12. No odorization records.* [807 KAR 5:022, Section 13(17)]
13. No qualified person to perform cathodic protection.* [807 KAR 5:022, Section 10(3)]
14. No corrosion surveys performed.* [807 KAR 5:022, Section 10(6)]
15. No written emergency plan.* [807 KAR 5:022, Section 13(9)]
16. No written damage prevention program.* [807 KAR 5:022, Section 13(8)]
17. Meter #3269950 has black plastic water pipe connected with radiator type hose clamp. (807 KAR 5:022, Section 5)
18. Regulator blocked open at meter #191998.
19. Orange plastic p/e pipe aboveground from meter #191998 to residence. [807 KAR 5:022, Section 7(5)]
20. Abandoned meter location not locked closed or plugged. [807 KAR 5:022, Section 14(15)(d) 1,2,3]
21. Rusty meter sets throughout system. [807 KAR 5:022, Section 10(16)]

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22. Gas leak underground at meter #191998. (807 KAR 5:022, Section 14) This meter set is loose and is laying over on its side. (Photo from previous inspection.)

*Indicates violations reported in previous inspections, some dating back to at least 1982.

RECOMMENDATIONS

Magoffin Gas Company has been cited for many of the above violations on inspections dating back to 1982. It is therefore recommended that a show cause order accompany this report ordering Magoffin to present to the Commission, if it can, reasons why it need not comply with state regulations or be penalized for not correcting the repeated violations.

Respectfully submitted,

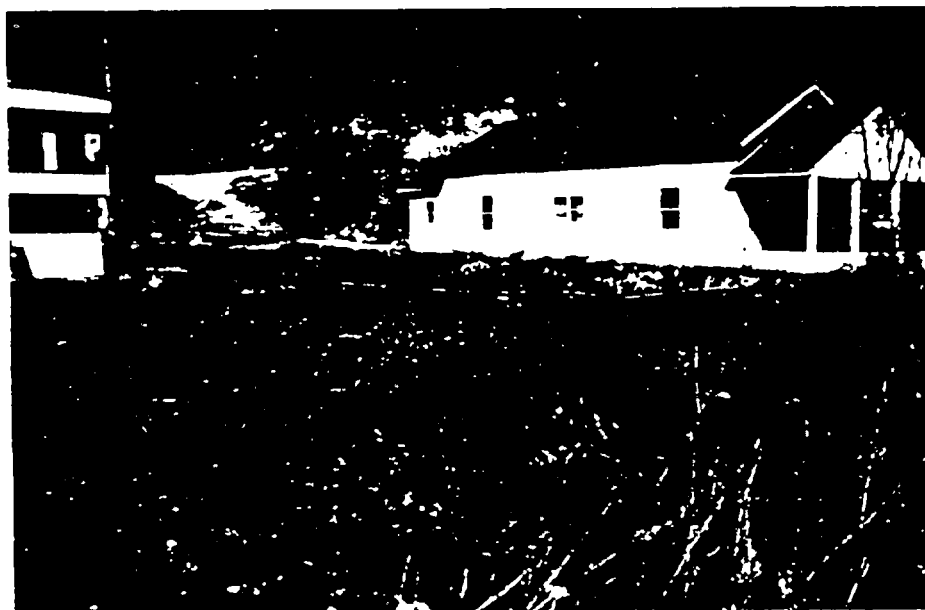
M. L. Rogers
Marcus L. Rogers *ell*
Utility Investigator
ell

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MAGOFFIN GAS COMPANY
Royalton System

1

Two views of
exposed plastic
service line
to modular home
--needs cover and
proper fittings.



Gas plastic service
line must be buried.

Meter set needs to be plumb.

Ivyton System



← Two views of bare, exposed
gas main and drip
installation--signs of
fire having been burnt
under gas lines and equipment.



Exposed gas line

MAGOFFIN GAS COMPANY

Ivyton System



Customers meter service
setting -- signs of fire
having been burnt under
gas pressure regulator.



Customer mater service
setting -- shows rust
and neglect.



MAGOFFIN GAS COMPANY

Royalton System



← One of the
gas wells
supplying
the Royalton
System.

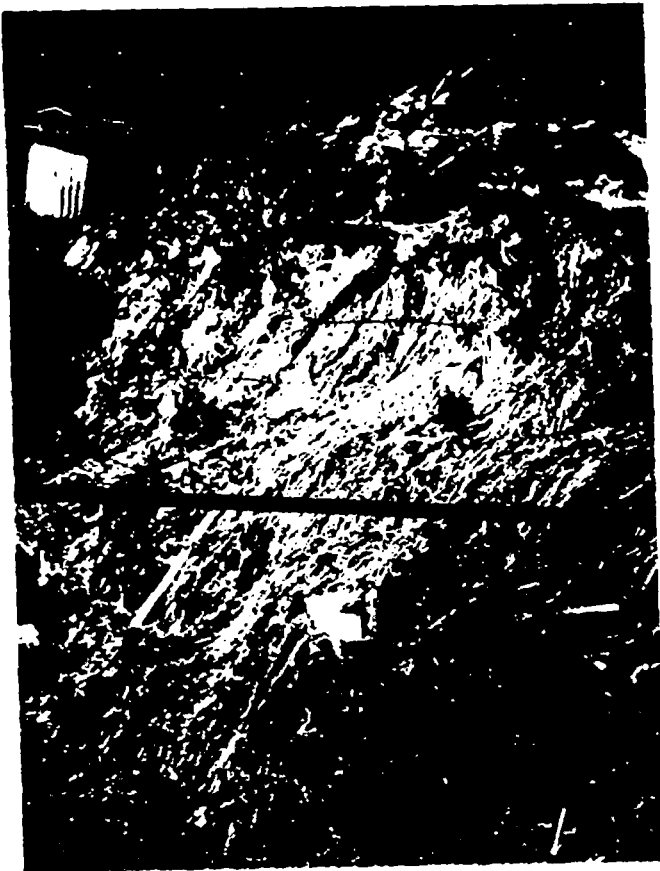


Exposed plastic—
customer service
line with
improper fitting.

MAGOFFIN GAS COMPANY

Royalton System

Two views of an
exposed plastic customer's
service line.



← Plastic crosses driveway
encased in steel pipe.

↑ House served by this service.

Exposed plastic lays
along the bank of
the drain ditch to
the lawn of the
customers house where
it is buried →

